

**Assembly Bill No. 1388**

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Passed the Assembly August 27, 2009

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*Chief Clerk of the Assembly*

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Passed the Senate August 24, 2009

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2009, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Sections 53508.9 and 53509.5 to, and to repeal Section 53508.5 of, the Government Code, relating to bonds.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1388, Hernandez. Local agencies: general obligation bonds.

(1) Existing law requires, subject to a specific exception, the annual payments of principal and interest on bonds issued by a local agency, as defined, to be structured to amortize so that the maximum annual debt service payment on the bonds does not exceed the minimum annual debt service payment by more than 10%.

This bill would repeal this provision.

(2) Existing law authorizes cities, counties, school districts, community college districts, and special districts to issue and refund general obligation bonds secured by a general tax levy and prescribes the procedures for this purpose. Existing law requires that the bonds be sold at a public or private sale.

This bill would impose specific duties on a legislative body to disclose information to the public and the California Debt and Investment Advisory Commission after it issued bonds under these provisions.

This bill would also authorize a local agency, as defined, to issue bonds, without further approval, at a negotiated sale for a price at, above, or below par value, if the legislative body of the local agency adopts a specified resolution that includes certain disclosures before the negotiated sale.

*The people of the State of California do enact as follows:*

SECTION 1. Section 53508.5 of the Government Code is repealed.

SEC. 2. Section 53508.9 is added to the Government Code, to read:

53508.9. (a) Notwithstanding Section 53508.7, a local agency may sell bonds at a negotiated sale for a price at, above, or below par value, as authorized by the legislative body, without further

approval, if the legislative body adopts a resolution before the negotiated sale, as an agenda item at a public meeting, that includes all of the following:

- (1) Express approval of the negotiated method of sale.
- (2) Statement of the reasons for selecting the negotiated method of sale.
- (3) Disclosure of the identity of the bond counsel.
- (4) Disclosure of the identity of the bond underwriter and the financial adviser, if used for the negotiated bond sale. If a bond underwriter or financial adviser has not been selected at the time the legislative body adopts the resolution, the legislative body shall disclose the identity at the public meeting first occurring after the bond underwriter or financial adviser has been selected.
- (5) Estimate of the costs associated with the bond issuance.

(b) For purposes of this section, the following definitions shall apply:

- (1) “Legislative body” means the governing body of a local agency.
- (2) “Local agency” means a city, county, city and county, and special district. “Special district” means an agency of the state formed for the performance of governmental or proprietary functions within limited geographic boundaries, and shall not include a school district or community college district.

SEC. 3. Section 53509.5 is added to the Government Code, to read:

53509.5. After the sale of bonds issued under the authority of this article, the legislative body shall do both of the following:

- (a) Present actual cost information for the sale at its next scheduled public meeting.
- (b) Submit an itemized summary of the costs of the bond sale to the California Debt and Investment Advisory Commission.

Approved \_\_\_\_\_, 2009

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*Governor*